

109TH CONGRESS  
1ST SESSION

# H. R. 626

To amend the Internal Revenue Code of 1986 to provide tax incentives  
for the production of alternative fuel vehicles.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2005

Mr. CAMP introduced the following bill; which was referred to the Committee  
on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide  
tax incentives for the production of alternative fuel vehicles.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Volume Enhancing  
5       Hardware Incentives for Consumer Lowered Expenses  
6       Technology Act of 2005” or the “VEHICLE Technology  
7       Act of 2005”.

1 **SEC. 2. REPEAL OF PHASEOUTS FOR QUALIFIED ELECTRIC**  
 2 **VEHICLE CREDIT AND DEDUCTION FOR**  
 3 **CLEAN FUEL-VEHICLES.**

4 (a) CREDIT FOR QUALIFIED ELECTRIC VEHICLES.—  
 5 Subsection (b) of section 30 of the Internal Revenue Code  
 6 of 1986 (relating to limitations) is amended by striking  
 7 paragraph (2) and redesignating paragraph (3) as para-  
 8 graph (2).

9 (b) DEDUCTION FOR CLEAN-FUEL VEHICLES AND  
 10 CERTAIN REFUELING PROPERTY.—Paragraph (1) of sec-  
 11 tion 179A(b) of such Code (relating to qualified clean-fuel  
 12 vehicle property) is amended to read as follows:

13 “(1) QUALIFIED CLEAN-FUEL VEHICLE PROP-  
 14 ERTY.—The cost which may be taken into account  
 15 under subsection (a)(1)(A) with respect to any  
 16 motor vehicle shall not exceed—

17 “(A) in the case of a motor vehicle not de-  
 18 scribed in subparagraph (B) or (C), \$2,000,

19 “(B) in the case of any truck or van with  
 20 a gross vehicle weight rating greater than  
 21 10,000 pounds but not greater than 26,000  
 22 pounds, \$5,000, or

23 “(C) \$50,000 in the case of—

24 “(i) a truck or van with a gross vehi-  
 25 cle weight rating greater than 26,000  
 26 pounds, or

1 “(ii) any bus which has a seating ca-  
 2 pacity of at least 20 adults (not including  
 3 the driver).”.

4 (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to property placed in service after  
 6 the date of the enactment of this Act.

7 **SEC. 3. ALTERNATIVE MOTOR VEHICLE CREDIT.**

8 (a) IN GENERAL.—Subpart B of part IV of sub-  
 9 chapter A of chapter 1 of the Internal Revenue Code of  
 10 1986 (relating to foreign tax credit, etc.) is amended by  
 11 adding at the end the following:

12 **“SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.**

13 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
 14 lowed as a credit against the tax imposed by this chapter  
 15 for the taxable year an amount equal to the sum of—

16 “(1) the new qualified fuel cell motor vehicle  
 17 credit determined under subsection (b),

18 “(2) the new advanced lean burn technology  
 19 motor vehicle credit determined under subsection (c),

20 “(3) the new qualified hybrid motor vehicle  
 21 credit determined under subsection (d), and

22 “(4) the new qualified alternative fuel motor ve-  
 23 hicle credit determined under subsection (e).

24 “(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE  
 25 CREDIT.—

1           “(1) IN GENERAL.—For purposes of subsection  
 2           (a), the new qualified fuel cell motor vehicle credit  
 3           determined under this subsection with respect to a  
 4           new qualified fuel cell motor vehicle placed in service  
 5           by the taxpayer during the taxable year shall be de-  
 6           termined in accordance with the following table:

<b>“In the case of a vehicle which has a gross vehicle weight rating of—</b>	<b>The new qualified fuel cell motor vehicle credit is—</b>
Not more than 8,500 lbs .....	\$4,000
More than 8,500 lbs but not more than 14,000 lbs .....	\$10,000
More than 14,000 lbs but not more than 26,000 lbs .....	\$20,000
More than 26,000 lbs .....	\$40,000.

7           “(2) INCREASE FOR FUEL EFFICIENCY.—

8           “(A) IN GENERAL.—The amount deter-  
 9           mined under paragraph (1) with respect to a  
 10          new qualified fuel cell motor vehicle which is a  
 11          passenger automobile or light truck shall be in-  
 12          creased by the additional credit amount.

13          “(B) ADDITIONAL CREDIT AMOUNT.—For  
 14          purposes of subparagraph (A), the additional  
 15          credit amount shall be determined in accord-  
 16          ance with the following table:

<b>“In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—</b>	<b>The additional credit amount is—</b>
At least 150 percent but less than 175 percent .....	\$1,000
At least 175 percent but less than 200 percent .....	\$1,500
At least 200 percent but less than 225 percent .....	\$2,000
At least 225 percent but less than 250 percent .....	\$2,500
At least 250 percent but less than 275 percent .....	\$3,000
At least 275 percent but less than 300 percent .....	\$3,500
At least 300 percent .....	\$4,000.

1           “(3) NEW QUALIFIED FUEL CELL MOTOR VEHI-  
2           CLE.—For purposes of this subsection, the term  
3           ‘new qualified fuel cell motor vehicle’ means a motor  
4           vehicle—

5                   “(A) which is propelled by power derived  
6                   from one or more cells which convert chemical  
7                   energy directly into electricity by combining ox-  
8                   ygen with hydrogen fuel which is stored on  
9                   board the vehicle in any form and may or may  
10                  not require reformation prior to use,

11                  “(B) which, in the case of a passenger  
12                  automobile or light truck, has received—

13                          “(i) a certificate of conformity under  
14                          the Clean Air Act and meets or exceeds the  
15                          equivalent qualifying California low emis-  
16                          sion vehicle standard under section  
17                          243(e)(2) of the Clean Air Act for that  
18                          make and model year, and

19                          “(ii) a certificate that such vehicle  
20                          meets or exceeds the Bin 5 Tier II emis-  
21                          sion standard established in regulations  
22                          prescribed by the Administrator of the En-  
23                          vironmental Protection Agency under sec-  
24                          tion 202(i) of the Clean Air Act for that  
25                          make and model year vehicle,

1 “(C) the original use of which commences  
2 with the taxpayer,

3 “(D) which is acquired for use or lease by  
4 the taxpayer and not for resale, and

5 “(E) which is made by a manufacturer.

6 “(c) NEW ADVANCED LEAN BURN TECHNOLOGY  
7 MOTOR VEHICLE CREDIT.—

8 “(1) IN GENERAL.—For purposes of subsection  
9 (a), the new advanced lean burn technology motor  
10 vehicle credit determined under this subsection with  
11 respect to a new advanced lean burn technology  
12 motor vehicle placed in service by the taxpayer dur-  
13 ing the taxable year is the credit amount determined  
14 under paragraph (2).

15 “(2) CREDIT AMOUNT.—

16 “(A) FUEL ECONOMY.—The credit amount  
17 determined under this paragraph shall be deter-  
18 mined in accordance with the following table:

<b>“In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—</b>	<b>The credit amount is—</b>
At least 125 percent but less than 150 percent .....	\$400
At least 150 percent but less than 175 percent .....	\$800
At least 175 percent but less than 200 percent .....	\$1,200
At least 200 percent but less than 225 percent .....	\$1,600
At least 225 percent but less than 250 percent .....	\$2,000
At least 250 percent .....	\$2,400.

19 “(B) CONSERVATION CREDIT.—The  
20 amount determined under subparagraph (A)

1 with respect to a new advanced lean burn tech-  
 2 nology motor vehicle shall be increased by the  
 3 conservation credit amount determined in ac-  
 4 cordance with the following table:

<b>“In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—</b>	<b>The conservation credit amount is—</b>
At least 1,200 but less than 1,800 .....	\$250
At least 1,800 but less than 2,400 .....	\$500
At least 2,400 but less than 3,000 .....	\$750
At least 3,000 .....	\$1,000.

5 “(3) NEW ADVANCED LEAN BURN TECHNOLOGY  
 6 MOTOR VEHICLE.—For purposes of this subsection,  
 7 the term ‘new advanced lean burn technology motor  
 8 vehicle’ means a passenger automobile or a light  
 9 truck—

10 “(A) with an internal combustion engine  
 11 which—

12 “(i) is designed to operate primarily  
 13 using more air than is necessary for com-  
 14 plete combustion of the fuel,

15 “(ii) incorporates direct injection,

16 “(iii) achieves at least 125 percent of  
 17 the 2002 model year city fuel economy,

18 “(iv) for 2005 and later model vehi-  
 19 cles, has received a certificate that such ve-  
 20 hicle meets or exceeds—

1 “(I) in the case of a vehicle hav-  
2 ing a gross vehicle weight rating of  
3 6,000 pounds or less, the Bin 5 Tier  
4 II emission standard established in  
5 regulations prescribed by the Adminis-  
6 trator of the Environmental Protec-  
7 tion Agency under section 202(i) of  
8 the Clean Air Act for that make and  
9 model year vehicle, and

10 “(II) in the case of a vehicle hav-  
11 ing a gross vehicle weight rating of  
12 more than 6,000 pounds but not more  
13 than 8,500 pounds, the Bin 8 Tier II  
14 emission standard which is so estab-  
15 lished.

16 “(B) the original use of which commences  
17 with the taxpayer,

18 “(C) which is acquired for use or lease by  
19 the taxpayer and not for resale, and

20 “(D) which is made by a manufacturer.

21 “(4) LIFETIME FUEL SAVINGS.—For purposes  
22 of this subsection, the term ‘lifetime fuel savings’  
23 means, in the case of any new advanced lean burn  
24 technology motor vehicle, an amount equal to the ex-  
25 cess (if any) of—



1           “(A) 120,000 divided by the 2002 model  
 2           year city fuel economy for the vehicle inertia  
 3           weight class, over

4           “(B) 120,000 divided by the city fuel econ-  
 5           omy for such vehicle.

6           “(d) NEW QUALIFIED HYBRID MOTOR VEHICLE  
 7 CREDIT.—

8           “(1) IN GENERAL.—For purposes of subsection  
 9           (a), the new qualified hybrid motor vehicle credit de-  
 10          termined under this subsection with respect to a new  
 11          qualified hybrid motor vehicle placed in service by  
 12          the taxpayer during the taxable year is the credit  
 13          amount determined under paragraph (2).

14          “(2) CREDIT AMOUNT.—

15                 “(A) CREDIT AMOUNT FOR PASSENGER  
 16                 AUTOMOBILES AND LIGHT TRUCKS.—In the  
 17                 case of a new qualified hybrid motor vehicle  
 18                 which is a passenger automobile or light truck  
 19                 and which has a gross vehicle weight rating of  
 20                 not more than 8,500 pounds, the amount deter-  
 21                 mined under this paragraph is the sum of the  
 22                 amounts determined under clauses (i) and (ii).

23                         “(i) FUEL ECONOMY.—The amount  
 24                         determined under this clause is the amount  
 25                         which would be determined under sub-

1 section (c)(2)(A) if such vehicle were a ve-  
 2 hicle referred to in such subsection.

3 “(ii) CONSERVATION CREDIT.—The  
 4 amount determined under this clause is the  
 5 amount which would be determined under  
 6 subsection (c)(2)(B) if such vehicle were a  
 7 vehicle referred to in such subsection.

8 “(B) CREDIT AMOUNT FOR OTHER MOTOR  
 9 VEHICLES.—

10 “(i) IN GENERAL.—In the case of any  
 11 new qualified hybrid motor vehicle to which  
 12 subparagraph (A) does not apply, the  
 13 amount determined under this paragraph  
 14 is the amount equal to the applicable per-  
 15 centage of the qualified incremental hybrid  
 16 cost of the vehicle as certified under clause  
 17 (v).

18 “(ii) APPLICABLE PERCENTAGE.—For  
 19 purposes of clause (i), the applicable per-  
 20 centage is—

21 “(I) 20 percent if the vehicle  
 22 achieves an increase in city fuel econ-  
 23 omy relative to a comparable vehicle  
 24 of at least 30 percent but less than 40  
 25 percent,

1 “(II) 30 percent if the vehicle  
2 achieves such an increase of at least  
3 40 percent but less than 50 percent,  
4 and

5 “(III) 40 percent if the vehicle  
6 achieves such an increase of at least  
7 50 percent.

8 “(iii) QUALIFIED INCREMENTAL HY-  
9 BRID COST.—For purposes of this subpara-  
10 graph, the qualified incremental hybrid  
11 cost of any vehicle is equal to the amount  
12 of the excess of the manufacturer’s sug-  
13 gested retail price for such vehicle over  
14 such price for a comparable vehicle, to the  
15 extent such amount does not exceed—

16 “(I) \$7,500, if such vehicle has a  
17 gross vehicle weight rating of not  
18 more than 14,000 pounds,

19 “(II) \$15,000, if such vehicle has  
20 a gross vehicle weight rating of more  
21 than 14,000 pounds but not more  
22 than 26,000 pounds, and

23 “(III) \$30,000, if such vehicle  
24 has a gross vehicle weight rating of  
25 more than 26,000 pounds.

1                   “(iv) COMPARABLE VEHICLE.—For  
 2                   purposes of this subparagraph, the term  
 3                   ‘comparable vehicle’ means, with respect to  
 4                   any new qualified hybrid motor vehicle,  
 5                   any vehicle which is powered solely by a  
 6                   gasoline or diesel internal combustion en-  
 7                   gine and which is comparable in weight,  
 8                   size, and use to such vehicle.

9                   “(v) CERTIFICATION.—A certification  
 10                  described in clause (i) shall be made by the  
 11                  manufacturer and shall be determined in  
 12                  accordance with guidance prescribed by the  
 13                  Secretary. Such guidance shall specify pro-  
 14                  cedures and methods for calculating fuel  
 15                  economy savings and incremental hybrid  
 16                  costs.

17                  “(3) NEW QUALIFIED HYBRID MOTOR VEHI-  
 18                  CLE.—For purposes of this subsection—

19                         “(A) IN GENERAL.—The term ‘new quali-  
 20                         fied hybrid motor vehicle’ means a motor vehi-  
 21                         cle—

22                                 “(i) which draws propulsion energy  
 23                                 from onboard sources of stored energy  
 24                                 which are both—

1                   “(I) an internal combustion or  
2                   heat engine using consumable fuel,  
3                   and

4                   “(II) a rechargeable energy stor-  
5                   age system,

6                   “(ii) which, in the case of a vehicle to  
7                   which paragraph (2)(A) applies, has re-  
8                   ceived a certificate of conformity under the  
9                   Clean Air Act and meets or exceeds the  
10                  equivalent qualifying California low emis-  
11                  sion vehicle standard under section  
12                  243(e)(2) of the Clean Air Act for that  
13                  make and model year, and

14                  “(I) in the case of a vehicle hav-  
15                  ing a gross vehicle weight rating of  
16                  6,000 pounds or less, the Bin 5 Tier  
17                  II emission standard established in  
18                  regulations prescribed by the Adminis-  
19                  trator of the Environmental Protec-  
20                  tion Agency under section 202(i) of  
21                  the Clean Air Act for that make and  
22                  model year vehicle, and

23                  “(II) in the case of a vehicle hav-  
24                  ing a gross vehicle weight rating of  
25                  more than 6,000 pounds but not more

1 than 8,500 pounds, the Bin 8 Tier II  
2 emission standard which is so estab-  
3 lished,

4 “(iii) which has a maximum available  
5 power of at least—

6 “(I) 4 percent in the case of a ve-  
7 hicle to which paragraph (2)(A) ap-  
8 plies,

9 “(II) 10 percent in the case of a  
10 vehicle which has a gross vehicle  
11 weight rating or more than 8,500  
12 pounds and not than 14,000 pounds,  
13 and

14 “(III) 15 percent in the case of a  
15 vehicle in excess of 14,000 pounds,

16 “(iv) which, in the case of a vehicle to  
17 which paragraph (2)(B) applies, has an in-  
18 ternal combustion or heat engine which  
19 has received a certificate of conformity  
20 under the Clean Air Act as meeting the  
21 emission standards set in the regulations  
22 prescribed by the Administrator of the En-  
23 vironmental Protection Agency for 2005  
24 through 2008 model year diesel heavy duty

1 engines or ottocycle heavy duty engines, as  
2 applicable,

3 “(v) the original use of which com-  
4 mences with the taxpayer,

5 “(vi) which is acquired for use or  
6 lease by the taxpayer and not for resale,  
7 and

8 “(vii) which is made by a manufac-  
9 turer.

10 Such term shall not include any vehicle which  
11 is not a passenger automobile or light truck if  
12 such vehicle has a gross vehicle weight rating of  
13 less than 8,500 pounds.

14 “(B) CONSUMABLE FUEL.—For purposes  
15 of subparagraph (A)(i)(I), the term ‘consumable  
16 fuel’ means any solid, liquid, or gaseous matter  
17 which releases energy when consumed by an  
18 auxiliary power unit.

19 “(C) MAXIMUM AVAILABLE POWER.—

20 “(i) CERTAIN PASSENGER AUTO-  
21 MOBILES AND LIGHT TRUCKS.—In the case  
22 of a vehicle to which paragraph (2)(A) ap-  
23 plies, the term ‘maximum available power’  
24 means the maximum power available from  
25 the rechargeable energy storage system,

1 during a standard 10 second pulse power  
2 or equivalent test, divided by such max-  
3 imum power and the SAE net power of the  
4 heat engine.

5 “(ii) OTHER MOTOR VEHICLES.—In  
6 the case of a vehicle to which paragraph  
7 (2)(B) applies, the term ‘maximum avail-  
8 able power’ means the maximum power  
9 available from the rechargeable energy  
10 storage system, during a standard 10 sec-  
11 ond pulse power or equivalent test, divided  
12 by the vehicle’s total traction power. For  
13 purposes of the preceding sentence, the  
14 term ‘total traction power’ means the sum  
15 of the peak power from the rechargeable  
16 energy storage system and the heat engine  
17 peak power of the vehicle, except that if  
18 such storage system is the sole means by  
19 which the vehicle can be driven, the total  
20 traction power is the peak power of such  
21 storage system.

22 “(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR  
23 VEHICLE CREDIT.—

24 “(1) ALLOWANCE OF CREDIT.—Except as pro-  
25 vided in paragraph (5), the new qualified alternative



1 fuel motor vehicle credit determined under this sub-  
2 section is an amount equal to the applicable percent-  
3 age of the incremental cost of any new qualified al-  
4 ternative fuel motor vehicle placed in service by the  
5 taxpayer during the taxable year.

6 “(2) APPLICABLE PERCENTAGE.—For purposes  
7 of paragraph (1), the applicable percentage with re-  
8 spect to any new qualified alternative fuel motor ve-  
9 hicle is—

10 “(A) 40 percent, plus

11 “(B) 30 percent, if such vehicle—

12 “(i) has received a certificate of con-  
13 formity under the Clean Air Act and meets  
14 or exceeds the most stringent standard  
15 available for certification under the Clean  
16 Air Act for that make and model year vehi-  
17 cle (other than a zero emission standard),  
18 or

19 “(ii) has received an order certifying  
20 the vehicle as meeting the same require-  
21 ments as vehicles which may be sold or  
22 leased in California and meets or exceeds  
23 the most stringent standard available for  
24 certification under the State laws of Cali-  
25 fornia (enacted in accordance with a waiv-

1           er granted under section 209(b) of the  
2           Clean Air Act) for that make and model  
3           year vehicle (other than a zero emission  
4           standard).

5       For purposes of the preceding sentence, in the case  
6       of any new qualified alternative fuel motor vehicle  
7       which has a gross vehicle weight rating of more than  
8       14,000 pounds, the most stringent standard avail-  
9       able shall be such standard available for certification  
10      on the date of the enactment of the Volume Enhanc-  
11      ing Hardware Incentives for Consumer Lowered Ex-  
12      penses Technology Act of 2005.

13           “(3) INCREMENTAL COST.—For purposes of  
14      this subsection, the incremental cost of any new  
15      qualified alternative fuel motor vehicle is equal to  
16      the amount of the excess of the manufacturer’s sug-  
17      gested retail price for such vehicle over such price  
18      for a gasoline or diesel fuel motor vehicle of the  
19      same model, to the extent such amount does not ex-  
20      ceed—

21           “(A) \$5,000, if such vehicle has a gross ve-  
22      hicle weight rating of not more than 8,500  
23      pounds,

1           “(B) \$10,000, if such vehicle has a gross  
2           vehicle weight rating of more than 8,500  
3           pounds but not more than 14,000 pounds,

4           “(C) \$25,000, if such vehicle has a gross  
5           vehicle weight rating of more than 14,000  
6           pounds but not more than 26,000 pounds, and

7           “(D) \$40,000, if such vehicle has a gross  
8           vehicle weight rating of more than 26,000  
9           pounds.

10          “(4) NEW QUALIFIED ALTERNATIVE FUEL  
11          MOTOR VEHICLE.—For purposes of this sub-  
12          section—

13               “(A) IN GENERAL.—The term ‘new quali-  
14               fied alternative fuel motor vehicle’ means any  
15               motor vehicle—

16                       “(i) which is only capable of operating  
17                       on an alternative fuel,

18                       “(ii) the original use of which com-  
19                       mences with the taxpayer,

20                       “(iii) which is acquired by the tax-  
21                       payer for use or lease, but not for resale,  
22                       and

23                       “(iv) which is made by a manufac-  
24                       turer.

1           “(B) ALTERNATIVE FUEL.—The term ‘al-  
 2           ternative fuel’ means compressed natural gas,  
 3           liquefied natural gas, liquefied petroleum gas,  
 4           hydrogen, and any liquid at least 85 percent of  
 5           the volume of which consists of methanol.

6           “(5) CREDIT FOR MIXED-FUEL VEHICLES.—

7           “(A) IN GENERAL.—In the case of a  
 8           mixed-fuel vehicle placed in service by the tax-  
 9           payer during the taxable year, the credit deter-  
 10          mined under this subsection is an amount equal  
 11          to—

12                   “(i) in the case of a 75/25 mixed-fuel  
 13                   vehicle, 70 percent of the credit which  
 14                   would have been allowed under this sub-  
 15                   section if such vehicle was a qualified alter-  
 16                   native fuel motor vehicle, and

17                   “(ii) in the case of a 90/10 mixed-fuel  
 18                   vehicle, 90 percent of the credit which  
 19                   would have been allowed under this sub-  
 20                   section if such vehicle was a qualified alter-  
 21                   native fuel motor vehicle.

22           “(B) MIXED-FUEL VEHICLE.—For pur-  
 23           poses of this subsection, the term ‘mixed-fuel  
 24           vehicle’ means any motor vehicle described in

1           subparagraph (C) or (D) of paragraph (3),  
2           which—

3                   “(i) is certified by the manufacturer  
4                   as being able to perform efficiently in nor-  
5                   mal operation on a combination of an al-  
6                   ternative fuel and a petroleum-based fuel,

7                   “(ii) either—

8                           “(I) has received a certificate of  
9                           conformity under the Clean Air Act,  
10                          or

11                           “(II) has received an order certi-  
12                           fying the vehicle as meeting the same  
13                           requirements as vehicles which may be  
14                           sold or leased in California and meets  
15                           or exceeds the low emission vehicle  
16                           standard under section 88.105–94 of  
17                           title 40, Code of Federal Regulations,  
18                           for that make and model year vehicle,

19                   “(iii) the original use of which com-  
20                   mences with the taxpayer,

21                   “(iv) which is acquired by the tax-  
22                   payer for use or lease, but not for resale,  
23                   and

24                   “(v) which is made by a manufac-  
25                   turer.

1           “(C) 75/25 MIXED-FUEL VEHICLE.—For  
2           purposes of this subsection, the term ‘75/25  
3           mixed-fuel vehicle’ means a mixed-fuel vehicle  
4           which operates using at least 75 percent alter-  
5           native fuel and not more than 25 percent petro-  
6           leum-based fuel.

7           “(D) 90/10 MIXED-FUEL VEHICLE.—For  
8           purposes of this subsection, the term ‘90/10  
9           mixed-fuel vehicle’ means a mixed-fuel vehicle  
10          which operates using at least 90 percent alter-  
11          native fuel and not more than 10 percent petro-  
12          leum-based fuel.

13          “(f) LIMITATION ON NUMBER OF NEW QUALIFIED  
14          HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VE-  
15          HICLES ELIGIBLE FOR CREDIT.—

16          “(1) IN GENERAL.—In the case of a qualified  
17          vehicle sold during the phaseout period, only the ap-  
18          plicable percentage of the credit otherwise allowable  
19          under subsection (c) or (d) shall be allowed.

20          “(2) PHASEOUT PERIOD.—For purposes of this  
21          subsection, the phaseout period is the period begin-  
22          ning with the second calendar quarter following the  
23          calendar quarter which includes the first date on  
24          which the number of qualified vehicles manufactured  
25          by the manufacturer of the vehicle referred to in

1 paragraph (1) sold for use in the United States after  
2 the date of the enactment of this section is at least  
3 80,000.

4 “(3) APPLICABLE PERCENTAGE.—For purposes  
5 of paragraph (1), the applicable percentage is—

6 “(A) 50 percent for the first 2 calendar  
7 quarters of the phaseout period,

8 “(B) 25 percent for the 3d and 4th cal-  
9 endar quarters of the phaseout period, and

10 “(C) 0 percent for each calendar quarter  
11 thereafter.

12 “(4) CONTROLLED GROUPS.—

13 “(A) IN GENERAL.—For purposes of this  
14 subsection, all persons treated as a single em-  
15 ployer under subsection (a) or (b) of section 52  
16 or subsection (m) or (o) of section 414 shall be  
17 treated as a single manufacturer.

18 “(B) INCLUSION OF FOREIGN CORPORA-  
19 TIONS.—For purposes of subparagraph (A), in  
20 applying subsections (a) and (b) of section 52  
21 to this section, section 1563 shall be applied  
22 without regard to subsection (b)(2)(C) thereof.

23 “(5) QUALIFIED VEHICLE.—For purposes of  
24 this subsection, the term ‘qualified vehicle’ means

1 any new qualified hybrid motor vehicle and any new  
2 advanced lean burn technology motor vehicle.

3 “(g) LIMITATION BASED ON AMOUNT OF TAX.—The  
4 credit allowed under subsection (a) for the taxable year  
5 shall not exceed the excess of—

6 “(1) the sum of the regular tax liability (as de-  
7 fined in section 26(b)) plus the tax imposed by sec-  
8 tion 55, over

9 “(2) the sum of the credits allowable under sub-  
10 part A and sections 27 and 30 for the taxable year.

11 “(h) OTHER DEFINITIONS AND SPECIAL RULES.—  
12 For purposes of this section—

13 “(1) MOTOR VEHICLE.—The term ‘motor vehi-  
14 cle’ has the meaning given such term by section  
15 30(c)(2).

16 “(2) OTHER TERMS.—The terms ‘automobile’,  
17 ‘passenger automobile’, ‘light truck’, and ‘manufac-  
18 turer’ have the meanings given such terms in regula-  
19 tions prescribed by the Administrator of the Envi-  
20 ronmental Protection Agency for purposes of the ad-  
21 ministration of title II of the Clean Air Act (42  
22 U.S.C. 7521 et seq.).

23 “(3) 2002 MODEL YEAR CITY FUEL ECON-  
24 OMY.—



1                   “(A) IN GENERAL.—The 2002 model year  
 2                   city fuel economy with respect to a vehicle shall  
 3                   be determined in accordance with the following  
 4                   tables:  
 5                   “(i) In the case of a passenger auto-  
 6                   mobile:

<b>“If vehicle inertia weight class is:</b>	<b>The 2002 model year city fuel economy is:</b>
1,500 or 1,750 lbs .....	45.2 mpg
2,000 lbs .....	39.6 mpg
2,250 lbs .....	35.2 mpg
2,500 lbs .....	31.7 mpg
2,750 lbs .....	28.8 mpg
3,000 lbs .....	26.4 mpg
3,500 lbs .....	22.6 mpg
4,000 lbs .....	19.8 mpg
4,500 lbs .....	17.6 mpg
5,000 lbs .....	15.9 mpg
5,500 lbs .....	14.4 mpg
6,000 lbs .....	13.2 mpg
6,500 lbs .....	12.2 mpg
7,000 to 8,500 lbs .....	11.3 mpg.

7                   “(ii) In the case of a light truck:

<b>“If vehicle inertia weight class is:</b>	<b>The 2002 model year city fuel economy is:</b>
1,500 or 1,750 lbs .....	39.4 mpg
2,000 lbs .....	35.2 mpg
2,250 lbs .....	31.8 mpg
2,500 lbs .....	29.0 mpg
2,750 lbs .....	26.8 mpg
3,000 lbs .....	24.9 mpg
3,500 lbs .....	21.8 mpg
4,000 lbs .....	19.4 mpg
4,500 lbs .....	17.6 mpg
5,000 lbs .....	16.1 mpg
5,500 lbs .....	14.8 mpg
6,000 lbs .....	13.7 mpg
6,500 lbs .....	12.8 mpg
7,000 to 8,500 lbs .....	12.1 mpg.

8                   “(B) VEHICLE INERTIA WEIGHT CLASS.—  
 9                   For purposes of subparagraph (A), the term  
 10                  ‘vehicle inertia weight class’ has the same

1 meaning as when defined in regulations pre-  
2 scribed by the Administrator of the Environ-  
3 mental Protection Agency for purposes of the  
4 administration of title II of the Clean Air Act  
5 (42 U.S.C. 7521 et seq.).

6 “(4) FUEL ECONOMY.—Fuel economy with re-  
7 spect to any vehicle shall be measured under rules  
8 similar to the rules under section 4064(c).

9 “(5) REDUCTION IN BASIS.—For purposes of  
10 this subtitle, if a credit is allowed under this section  
11 for any expenditure with respect to any property, the  
12 increase in the basis of such property which would  
13 (but for this paragraph) result from such expendi-  
14 ture shall be reduced by the amount of the credit so  
15 allowed.

16 “(6) NO DOUBLE BENEFIT.—The amount of  
17 any deduction or credit allowable under this chapter  
18 (other than the credits allowable under this section  
19 and section 30) shall be reduced by the amount of  
20 credit allowed under subsection (a) for such vehicle  
21 for the taxable year.

22 “(7) RECAPTURE.—The Secretary shall, by reg-  
23 ulations, provide for recapturing the benefit of any  
24 credit allowable under subsection (a) with respect to  
25 any property which ceases to be property eligible for

1       such credit (including recapture in the case of a  
2       lease period of less than the economic life of a vehi-  
3       cle).

4           “(8) PROPERTY USED OUTSIDE UNITED  
5       STATES, ETC., NOT QUALIFIED.—No credit shall be  
6       allowed under subsection (a) with respect to any  
7       property referred to in section 50(b) or with respect  
8       to the portion of the cost of any property taken into  
9       account under section 179.

10          “(9) ELECTION NOT TO TAKE CREDIT.—No  
11       credit shall be allowed under subsection (a) for any  
12       vehicle if the taxpayer elects to not have this section  
13       apply to such vehicle.

14          “(10) BUSINESS CARRYOVERS ALLOWED.—If  
15       the credit allowable under subsection (a) for a tax-  
16       able year exceeds the limitation under subsection (g)  
17       for such taxable year, such excess (to the extent of  
18       the credit allowable with respect to property subject  
19       to the allowance for depreciation) shall be allowed as  
20       a credit carryback and carryforward under rules  
21       similar to the rules of section 39.

22          “(11) INTERACTION WITH MOTOR VEHICLE  
23       SAFETY STANDARDS.—Unless otherwise provided in  
24       this section, a motor vehicle shall not be considered  
25       eligible for a credit under this section unless such

1 vehicle is in compliance with the motor vehicle safety  
2 provisions of sections 30101 through 30169 of title  
3 49, United States Code.

4 “(i) REGULATIONS.—

5 “(1) IN GENERAL.—The Secretary shall pro-  
6 mulgate such regulations as necessary to carry out  
7 the provisions of this section.

8 “(2) DETERMINATION OF MOTOR VEHICLE ELI-  
9 GIBILITY.—The Secretary, after coordination with  
10 the Secretary of Transportation and the Adminis-  
11 trator of the Environmental Protection Agency, shall  
12 prescribe such regulations as necessary to determine  
13 whether a motor vehicle meets the requirements to  
14 be eligible for a credit under this section.

15 “(j) TERMINATION.—This section shall not apply to  
16 any property placed in service after—

17 “(1) in the case of a new qualified alternative  
18 fuel motor vehicle, December 31, 2007,

19 “(2) in the case of a new advanced lean burn  
20 technology motor vehicle or a new qualified hybrid  
21 motor vehicle, December 31, 2009, and

22 “(3) in the case of a new qualified fuel cell  
23 motor vehicle, December 31, 2013.”.

24 (b) CONFORMING AMENDMENTS.—

1           (1) Section 30(d) of such Code (relating to spe-  
 2           cial rules) is amended by adding at the end the fol-  
 3           lowing new paragraphs:

4           “(5) NO DOUBLE BENEFIT.—No credit shall be  
 5           allowed under this section for any motor vehicle for  
 6           which a credit is also allowed under section 30B.”.

7           (2) Section 1016(a) of such Code is amended  
 8           by striking “and” at the end of paragraph (30), by  
 9           striking the period at the end of paragraph (31) and  
 10          inserting “, and”, and by adding at the end the fol-  
 11          lowing:

12          “(32) to the extent provided in section  
 13          30B(h)(5).”.

14          (3) Section 6501(m) of such Code is amended  
 15          by inserting “30B(h)(9),” after “30(d)(4),”.

16          (4) The table of sections for subpart B of part  
 17          IV of subchapter A of chapter 1 of such Code is  
 18          amended by inserting after the item relating to sec-  
 19          tion 30A the following:

“Sec. 30B. Alternative motor vehicle credit.”.

20          (c) EFFECTIVE DATE.—The amendments made by  
 21          this section shall apply to property placed in service after  
 22          the date of the enactment of this Act, in taxable years  
 23          ending after such date.

24          (d) STICKER INFORMATION REQUIRED AT RETAIL  
 25          SALE.—

1           (1) IN GENERAL.—The Secretary of the Treas-  
 2           ury shall issue regulations under which each quali-  
 3           fied vehicle sold at retail shall display a notice—

4                   (A) that such vehicle is a qualified vehicle,  
 5           and

6                   (B) that the buyer may not benefit from  
 7           the credit allowed under section 30B of the In-  
 8           ternal Revenue Code of 1986 if such buyer has  
 9           insufficient tax liability.

10          (2) QUALIFIED VEHICLE.—For purposes of  
 11          paragraph (1), the term “qualified vehicle” means a  
 12          vehicle with respect to which a credit is allowed  
 13          under section 30B of the Internal Revenue Code of  
 14          1986.

15 **SEC. 4. MODIFICATIONS OF DEDUCTION FOR CERTAIN RE-**  
 16 **FUELING PROPERTY.**

17          (a) IN GENERAL.—Subsection (f) of section 179A of  
 18          the Internal Revenue Code of 1986 is amended to read  
 19          as follows:

20               “(f) TERMINATION.—This section shall not apply to  
 21          any property placed in service—

22                   “(1) in the case of property relating to hydro-  
 23          gen, after December 31, 2012, and

24                   “(2) in the case of any other property, after  
 25          December 31, 2009.”.

1       (b) INCENTIVE FOR PRODUCTION OF HYDROGEN AT  
2 QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROP-  
3 erty.—Section 179A(d) of such Code (defining qualified  
4 clean-fuel vehicle refueling property) is amended by adding  
5 at the end the following new flush sentence: “In the case  
6 of clean-burning fuel which is hydrogen produced from an-  
7 other clean-burning fuel, paragraph (3)(A) shall be ap-  
8 plied by substituting ‘production, storage, or dispensing’  
9 for ‘storage or dispensing’ both places it appears.”.

10       (c) INCREASE IN LOCATION EXPENDITURES.—Sec-  
11 tion 179A(b)(2)(A)(i) of such Code is amended by striking  
12 “\$100,000” and inserting “\$150,000”.

13       (d) NONBUSINESS USE OF QUALIFIED CLEAN-FUEL  
14 VEHICLE REFUELING PROPERTY.—Section 179A(d) of  
15 such Code is amended by striking paragraph (1) and by  
16 redesignating paragraphs (2) and (3) as paragraphs (1)  
17 and (2), respectively.

18       (e) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to property placed in service after  
20 the date of the enactment of this Act, in taxable years  
21 ending after such date.

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